

There are included also "other deposits," amounting in the cited Return to £44,292,844, and composed of the sums lodged with the Bank for security by its customers, and the cash balances which the banks of the kingdom retain with the Bank of England as constituting part of the entire national reserve. On the right-hand side, furnishing the assets¹ which the Bank possesses to meet its liabilities, we perceive (besides Government securities) an item termed "other securities," which, though no description is furnished, are undoubtedly of the highest character;² notes representing £26,564,120, and gold and silver coin amounting to £1,654,033. The notes here specified (sometimes termed Notes in Reserve, that is, not in the possession of the public) form part of the notes included in the issue department of £55,866,805. The notes in the banking department may clearly be regarded as equivalent to cash, since their convertibility is assured by the coin and bullion and securities which the issue department holds.

Here it may be remarked that what is termed the Active Circulation of Notes—the amount of banknotes, that is to say, actually in the possession of the public and passing from hand to hand in the payment of debts—consists of the difference between the notes issued (£55,366,805) and the notes retained by the banking department (£26,564,120), or £28,802,685. In earlier times the extent of the active circulation was important in affording a measure of the volume of national commerce, since notes constituted a considerable portion of the currency employed in its conduct, but this significance is meagre now in consequence of the development of joint stock banking, whose 'cheques form the principal medium through which commercial and financial transactions are arranged.

In the left hand (or liability) side of the banking depart-

¹ Assets: from the Latin *ad*, to, and *satis*, enough, up to what is enough—substituted for the simple *satis*; the original meaning in law was that of a sufficient estate or effects (with which to discharge a debt or claim—to pay, for example, a testator's debts or legacies); it was

then, extended to
any property or effects to be applied to the preceding
purposes without
regard to its sufficiency.

² Besides the investments made by the Bank, this item
includes the
bills which have been discounted and the advances
granted to customers
on the deposit of securities. (/See Note 11, p. 121.)